

1541

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

ZHIHAI CHEN

Criminal No.

(18 U.S.C. § 1956(h))

[UNDER SEAL]

INDICTMENT

**FILED**

JUN 17 2025

The grand jury charges:

INTRODUCTION

CLERK U.S. DISTRICT COURT  
WEST DIST OF PENNSYLVANIA

At all times material to this Indictment:

1. The United States, as part of the American Rescue Plan Act, authorized a third round of economic impact payments (Third EIP) that entailed payments of up to \$1,400 per person.
2. Citizens of the United States and United States resident aliens were eligible for the Third EIP if those individuals were not a dependent of another taxpayer, had a valid Social Security number, and had adjusted gross income on their tax return that did not exceed certain limits.
3. Most eligible individuals received the Third EIP automatically, but individuals could also apply to receive the Third EIP by filing a tax return to claim the Recovery Rebate Credit.
4. Many states, including Pennsylvania, Ohio and others, expanded eligibility for unemployment compensation during and in the aftermath of the COVID 19 crises and allowed for on-line application for unemployment compensation benefits.
5. For receipt of the Third EIP, other payments from the Internal Revenue Service, and unemployment compensation benefits, applicants could elect to receive the payments into accounts at federally insured financial institutions based in the United States.
6. The following entities are federally insured financial institutions: Axos Bank, Cathay Bank, Chase Bank, Citizens Bank, Green Dot Bank, Truist Bank, U.S. Bank, Wells Fargo

Bank, and Varo Bank. Those financial institutions were also all involved in interstate commerce.

7. The defendant, ZHIHAI CHEN, resided in California.

THE CONSPIRACY AND ITS OBJECTS

8. From in and around June 2021 and continuing thereafter until in and around April 2024, in the Western District of Pennsylvania and elsewhere, individuals known and unknown to the grand jury, did knowingly combine, conspire, and agree with persons known and unknown to the grand jury to commit offenses against the United States, namely:

- a. Access Device Fraud, in violation of 18 U.S.C. § 1029(a)(2);
- b. Wire Fraud, in violation of 18 U.S.C. § 1343; and
- c. Bank Fraud, in violation of 18 U.S.C. § 1344(2).

MANNER AND MEANS OF THE CONSPIRACY

9. It was part of the Conspiracy that an international organized crime group (“OCG”) obtained the personal identification information (PII) of thousands of individuals throughout the United States, including individuals known to the grand jury residing in the Western District of Pennsylvania.

10. It was further a part of the Conspiracy that unknown members of the OCG used the PII of individuals, including individuals known to the grand jury residing in the Western District of Pennsylvania, to apply for the Third EIP and/or other tax credits, including Recovery Rebate Credits, by submitting tax returns to the Internal Revenue Service without the authorization of those individuals.

11. It was further a part of the Conspiracy that unknown members of the OCG used the PII of individuals, including individuals known to the grand jury residing in the Western District of Pennsylvania, to apply for unemployment compensation benefits from Pennsylvania, Ohio, and

Massachusetts without the authorization of those individuals.

12. It was further a part of the Conspiracy that unknown members of the OCG used the PII of individuals, including individuals known to the grand jury residing in the Western District of Pennsylvania, to open bank accounts at federally insured financial institutions without the authorization of those individuals (the “Fraudulently Established Bank Accounts”) using computers that were then located in the Western District of Pennsylvania.

13. It was further a part of the Conspiracy that unknown members of the OCG directed that payments and benefits issued from the submitted fraudulent tax returns and the fraudulent applications for unemployment compensation benefits go to the Fraudulently Established Bank Accounts.

14. It was further a part of the Conspiracy that unknown members of the OCG knowingly and with the intent to defraud, used unauthorized access devices during a one-year period and by such conduct obtained more than \$1,000 during that period.

15. It was further a part of the Conspiracy that unknown members of the OCG knowingly used and caused the use of transmissions by means of wire communications in interstate and foreign commerce in furtherance of the fraud scheme described above.

16. It was further a part of the Conspiracy that unknown members of the OCG knowingly executed a scheme to defraud federally insured financial institutions and knowingly executed a scheme to obtain money under the custody and control of financial institutions by means of false and fraudulent pretenses, representations and promises.

17. Money obtained through this Conspiracy and the commission of these offenses will be referred to as the Fraud Proceeds.

**COUNT ONE**

18. The allegations set forth in paragraphs 1 through 17 are incorporated herein as if set forth in full.

19. From in and around June 2021 and continuing thereafter until in and around April 2024, in the Western District of Pennsylvania and elsewhere, the defendant, ZHIHAI CHEN, did knowingly combine, conspire, and agree with members of the OCG and with other persons known and unknown to the grand jury to commit offenses against the United States in violation of Title 18, United States Code, Section 1956 and Section 1957, to wit:

a. to knowingly conduct and attempt to conduct financial transactions affecting interstate commerce involving property representing the proceeds of specified unlawful activity, that is, Access Device Fraud, in violation of 18 U.S.C. § 1029(a)(2), Wire Fraud, in violation of 18 U.S.C. § 1343, Bank Fraud, in violation of 18 U.S.C. § 1344, and Conspiracy to Commit Offenses Against the United States, in violation of 18 U.S.C. § 371, knowing that the transactions were designed, in whole or in part, to conceal and disguise the nature, location, source, ownership, and control of the proceeds of such specified unlawful activity, and knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, contrary to the provisions of Title 18, United States Code, Section 1956(a)(1)(B)(i); and

b. to knowingly engage or attempt to engage in monetary transactions, affecting interstate commerce, in criminally derived property with a value greater than \$10,000, which property was derived from specified unlawful activity, knowing that the funds were derived from a criminal offense, when in fact said funds were derived from Access Device Fraud, in violation of 18 U.S.C. § 1029(a)(2), Wire Fraud, in violation of 18 U.S.C. § 1343, Bank Fraud, in violation of 18 U.S.C. § 1344, and Conspiracy to Commit Offenses Against the United States, in



violation of 18 U.S.C. § 371, contrary to the provisions of Title 18, United States Code, Section 1957(a).

MANNER AND MEANS OF THE CONSPIRACY

20. It was part of the Conspiracy that once fraud proceeds were deposited into the Fraudulently Established Bank Accounts, the defendant, ZHIHAI CHEN, and other members of the Conspiracy, engaged in a series of financial transactions, including through a variety of federally insured financial institutions, many of which exceeded \$10,000, designed to conceal the true owner of the proceeds and the perpetrators of the fraud.

ACTS IN FURTHERANCE OF THE CONSPIRACY

21. It was a part of the conspiracy that, between in and around December 2021 and September 2022, unknown members of the OCG established the Fraudulently Established Bank Accounts at Truist Bank, Citizens Bank, Green Dot Bank, U.S. Bank, Varo Bank and other financial institutions, including through the use of computers then located in the Western District of Pennsylvania and elsewhere.

22. It was further part of the conspiracy that between in and around November 2021 and in and around November 2022, the defendant, ZHIHAI CHEN, established and caused the establishment of accounts at American Express in his own name and in the names of individuals known to the grand jury (collectively the “AMEX Accounts”).

23. It was further part of the conspiracy than between in and around June 2021 and in and around August 2022, the defendant, ZHIHAI CHEN, established and caused the establishment of accounts at Charles Schwab in his own name and in the names of individuals known to the grand jury (collectively the “Schwab Accounts”).

24. It was further part of the conspiracy that between in and around January 2022 and

in and around April 2023, the defendant, ZHIHAI CHEN, and members of the OCG caused Fraud Proceeds to be paid from the Fraudulently Established Bank Accounts to American Express and credited to the AMEX Accounts.

25. It was further part of the conspiracy that between in and around April 2022 and in and around December 2022, the defendant, ZHIHAI CHEN, requested that American Express issue credit balance refunds because the Fraud Proceeds paid into the AMEX Accounts exceeded the balances due on the AMEX Accounts.

26. It was further part of the conspiracy that between in and around April 2022 and in and around January 2023, the defendant, ZHIHAI CHEN, caused the deposit of the credit balance refunds associated with the Fraud Proceeds, to be deposited into accounts at Chase Bank and Charles Schwab.

27. It was further a part of the conspiracy that between in and around January 2022 and in and around February 2022, unknown members of the OCG caused the transfer of Fraud Proceeds from the Fraudulently Established Bank Accounts at Citizens Bank to the Schwab Accounts.

28. It was further part of the conspiracy that between in and around January 2022 and continuing until in and around March 2024, the defendant, ZHIHAI CHEN, caused the transfer of Fraud Proceeds through multiple accounts, in the names of multiple individuals known to the grand jury, at multiple financial institutions, including Chase Bank, Cathay Bank, Well Fargo, Charles Schwab, and U.S. Bank.

29. It was further a part of the conspiracy that from on or about March 15, 2024, to on or about April 1, 2024, the defendant, ZHIHAI CHEN, caused the transfer of Fraud Proceeds from accounts at Cathay Bank, Chase Bank, U.S. Bank and Wells Fargo to purchase cryptocurrency, including through cryptocurrency companies Coinbase and Kraken.

30. From on or about March 15, 2024, to on or about April 1, 2024, the defendant, ZHIHAI CHEN, caused the transfer of cryptocurrency held by Coinbase and Kraken to a private cryptocurrency address with the first eight characters of 0x5ad59b.

All in violation of Title 18, United States Code, Section 1956(h).

**FORFEITURE ALLEGATIONS**

The United States hereby gives notice to the defendant charged in Count One that, upon his conviction of such offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982, of all property involved a conspiracy to commit violations of Title 18, United States Code, Sections 1956 and 1957, and all property traceable to such property, including, but not limited to, the following:

- 612,977 of USDC held in cryptocurrency address with the first eight characters of 0x5ad59b;
- 225,291 of USDT held in cryptocurrency address with the first eight characters of 0x5ad59b;
- All money held in U.S. Bank account number 1-575-2588-5008; and
- Approximately \$120,551 in United States Currency seized from the defendant's residence on March 5, 2024.

A True Bill,

  
FOREPERSON

  
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